GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6
ANSWERED ON:10.08.2007
SERVICE CHARGES BY PRIVATE BANKS
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that many private banks are charging more service charges for essential services viz., ATM, cash withdrawals, use of cheques, insufficient balance, monthly statements, etc.;

(b) if so, the details thereof;

(c) whether the Government is monitoring the anti-customer activities of the banks and takes strict action against the defaulting banks;

(d) if so, the details thereof; and

(e) the steps taken to promote the friendly activities by the banks to its customers?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PA WAN KUMAR BANSAL)

(a) & (b) : The Reserve Bank of India (RBI) has received representations from the pub/ic about unreasonable and non-transparent service charges / hidden charges being levied by private banks, especially with respect to non-maintenance of minimum balance in account, delayed payment on credit card dues, remittance charges, ATM / Debit card fees etc.

(c) & (d) : RBI has been taking several important initiatives and measures, on an ongoing basis, to improve customer service in banks. The banking services to the common person has received specific attention with instances such as setting up of the Committee on Procedures and Performance Audit on Public Services, Banking Codes and Standard Board of India (BCSBI), setting up of a new department for customer service in Reserve Bank, revising the Banking Ombudsman Scheme w.e.f. Is` January, 2006 with enlarged scope to cover Regional Rural Banks and complaints relating to credit card operations, etc. RBI has issued guidelines making it obligatory for the banks to fix the service charges and fees for services provided by them reasonably and to display and update these charges in their offices / branches as also on their websites.

(e) : The banks have taken various steps to improve customer service such as establishing customer grievances redressal mechanism, setting up of 24 hours customer helplines, placement of relationship managers, providing technology based value added services like internet banking, mobile banking, ATM / debit cards, etc.